

Message Text

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R 272312 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

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FOL SENT ACTION KINSHASA LUBUMBASHI INFO SECSTATE WASHDC
26 APR 73 FROM MONROVIA RPT TO YOU QUOTE

LIMITED OFFICIAL USE MONROVIA 2148

E. O. 11652: N/ A

TAGS: EMIN, OTRA, LI, CG

SUBJECT: LAMCO INTEREST IN ZAIRE COPPER MINING

1. VERNON MERRILL, ADMINISTRATIVE MANAGER OF LAMCO'S OPERATIONS IN BUCHANAN AND A FORMER FOREIGN SERVICE OFFICER, WILL ARRIVE IN KINSHASA ON MAY 2. MERRILL HOPES TO BE ABLE TO CALL ON HIS OLD ACQUAINTANCE AMBASSADOR VANCE MORNING MAY 3 AND PROCEED TO LUBUMBASHI ON MAY 4 OR 5. MERRILL PLANS TO RETURN TO LIBERIA ON MAY 10.

2. LAMCO IS LIBERIA'S LARGEST IRON ORE MINE AND ACCOUNTS FOR ABOUT HALF OF LIBERIA'S TOTAL IRON ORE EXPORTS (197- - 11.3 MILLION METRIC TONS OUT OF 22.8 MILLION METRIC TONS TOTAL). LAMCO'S CORPORATE STRUCTURE IS COMPLICATED, BUT IN ROUGH TERMS CAN BE DESCRIBED AS 25 PER CENT EQUITY HELD BY BETHLEHEM STEEL WITH THE REMAINING 75 PER CENT DIVIDED BETWEEN LIBERIAN GOVERNMENT EQUITY AND SWEDISH INTERESTS.

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OF THE LATTER THE MOST IMPORTANT IS GRANGES, A SWEDISH

IRON/ STEEL COMPANY, WHICH IN TURN HAS CONTRACTED WITH LAMCO TO OPERATE THE MINE.

3. MERRILL TOLD EMBOFF APRIL 25 THAT A FEW DAYS AGO LAMCO HERE RECEIVED AN UNEXPECTED TELEGRAM FROM ITS STOCKHOLM OFFICE DIRECTING MERRILL AND ANOTHER LAMCO EMPLOYEE HERE TO PROCEED TO KINSHASA AND LUBUMBASHI TO UNDERTAKE A CURSORY MANAGEMENT ANALYSIS OF THE COPPER MINES IN SOUTHEASTERN CONGO. MERRILL SAID HE REALLY DID NOT KNOW WHY LAMCO WAS INTERESTED OR WHAT WAS BEHIND THE MOTIVE FOR HIS TRIP. LAMCO APPARENTLY HAS MADE ARRANGEMENTS DIRECTLY WITH THE GOVERNMENT OF ZAIRE AND THE MINES FOR THE VISIT. MERRILL DID HOPE TO RECEIVE A BRIEFING FROM THE EMBASSY AND THE CONSULATE AND WILL IN TURN PROVIDE EMBASSY/ CONSULATE OFFICIALS WITH WHAT HE KNOWS FROM HIS SIDE.

4. FYI: THE SWEDISH INVOLVEMENT IN LAMCO IS NOT THE FREQUENT CASE OF STEEL INTERESTS HOLDING EQUITY IN MINES WHICH PRODUCE ORE FOR THE STEEL COMPANY. NONE OF LAMCO'S ORE GOES TO SWEDEN. AT LAST ONE OF THE REASONS FOR THE SWEDISH INVOLVEMENT IN LIBERIA WAS THE RESULT OF GRANGES' HAVING RECEIVED THE EQUIVALENT OF A MULTIPLE- MILLION DOLLAR COMPENSATION FROM THE SWEDISH GOVERNMENT IN THE LATE 50'S FOR NATIONALIZATION OF SOME OF GRANGES' HOLDINGS IN SWEDEN. GRANGES THOUGHT THAT THE RICH NIMBA DEPOSIT IN LIBERIA WOULD BE A GOOD PLACE TO INVEST THIS MONEY. GRANGES REGARDS ITS MANAGEMENT OF LAMCO AS HAVING BEEN QUITE SUCCESSFUL AND IS PREPARING TO ATTEMPT TO SELL ITS SERVICES AS MINE MANAGERS ELSEWHERE IN THE WORLD. CONCEIVABLY, THIS MIGHT HAVE SOMETHING TO DO WITH MERRILL'S TRIP. HANFULL UNQUOTE ROGERS

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